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9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**

11 KETANKUMAR SHAH, Individually and on
12 behalf of all others similarly situated,

13 Plaintiff,

14 v.

15 A10 NETWORKS, INC., LEE CHEN, GREG
16 STRAUGHN, SHIVA NATARAJAN, AND
17 TOM CONSTANTINO,

18 Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

19 Plaintiff Ketankumar Shah ("Plaintiff"), individually and on behalf of all other persons
20 similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants
21 (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's
22 own acts, and information and belief as to all other matters, based upon, inter alia, the investigation
23 conducted by and through Plaintiff's attorneys, which included, among other things, a review of
24 the defendants' public documents, conference calls and announcements made by defendants,
25 United States Securities and Exchange Commission ("SEC") filings, wire and press releases
26 published by and regarding A10 Networks, Inc. ("A10" or the "Company"), analysts' reports and
27 advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes
28

1 that substantial evidentiary support will exist for the allegations set forth herein after a reasonable
2 opportunity for discovery.

3 **NATURE OF THE ACTION**

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5 1. This is a federal securities class action on behalf of a class consisting of all persons
6 and entities other than Defendants who purchased or otherwise acquired the publicly traded
7 securities of A10 between February 9, 2016 and January 30, 2018, both dates inclusive (the “Class
8 Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the
9 federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities
10 Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

11 **JURISDICTION AND VENUE**

12 2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the
13 Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC
14 (17 C.F.R. §240.10b-5).

15 3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C.
16 §1331 and §27 of the Exchange Act.

17 4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act (15
18 U.S.C. §78aa) and 28 U.S.C. §1391(b) as Defendants conduct business and are headquartered in
19 this Judicial District.

20 5. In connection with the acts, conduct and other wrongs alleged in this Complaint,
21 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
22 including but not limited to, the United States mail, interstate telephone communications and the
23 facilities of the national securities exchange.

24 **PARTIES**

25
26 6. Plaintiff, as set forth in the accompanying Certification, purchased A10 securities at
27 artificially inflated prices during the Class Period and was damaged upon the revelation of the
28 alleged corrective disclosure.

7. Defendant A10 provides software and hardware solutions in the United States and internationally. A10 is a Secure Application Services™ company, providing a range of high-performance application networking solutions that help organizations ensure that their data center applications and networks remain highly available, accelerated and secure. The Company is incorporated in Delaware and its principal executive offices are located at 3 West Plumeria Drive, San Jose, California 95134. A10's securities trade on the New York Stock Exchange ("NYSE") under the ticker symbol "ATEN."

8. Defendant Lee Chen ("Chen") is the founder and has been the Chief Executive Officer ("CEO") of A10 at all relevant times.

9. Defendant Greg Straughn ("Straughn") was A10's Chief Financial Officer ("CFO") from the beginning of the Class Period until February 9, 2017.

10. Defendant Shiva Natarajan ("Natarajan") served as A10's interim CFO from February 2017 until June 2017.

11. Defendant Tom Constantino ("Constantino") has been A10's CFO since June 2017.

12. Defendants Chen, Straughn, Natarajan, and Constantino are sometimes referred to herein as the "Individual Defendants."

13. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

(f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or

(g) approved or ratified these statements in violation of the federal securities laws.

14. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

16. The Company and the Individual Defendants are referred to herein, collectively, as the “Defendants.”

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements

17. On February 9, 2016, A10 issued a press release entitled “A10 Networks, Inc. Reports Record Revenue” which discussed the Company’s fourth quarter of 2015 revenue stating in relevant part:

Fourth Quarter 2015 Financial Highlights

- *Record revenue of \$56.6 million, up 25 percent year-over-year*
- *Record product revenue of \$39.5 million, increasing 22 percent year-over-year*
- Added over 200 new end-customers in the quarter, reaching over 4,700 total end-customers

“The fourth quarter was a strong close to the year and we are pleased with our momentum driven by our continued execution and innovation,” said Lee Chen, president and chief executive officer of A10 Networks. *“Revenue in the fourth quarter exceeded our guidance* and we achieved our third consecutive quarter of record revenue, while significantly improving our bottom line year-over-year. Our results this quarter were driven by a broad-based increase in demand across our ADC, CGN and TPS solutions. For the full year we added over 800 new customers, continued to expand our market opportunities and widened our technology leadership with innovations and industry firsts that map directly to some of the fastest growing networking and security market trends.”

Total revenue for the fourth quarter grew to a record \$56.6 million, up 25 percent when compared with \$45.2 million in the fourth quarter of 2014. Total revenue for the year 2015 was \$199.0 million, an increase of 11 percent, compared with \$179.5 million reported for the year 2014.

On a GAAP basis, A10 Networks reported a net loss for the fourth quarter 2015 of \$7.4 million or \$0.12 per share, compared with a net loss of \$16.0 million or \$0.26 per share in the fourth quarter of 2014. The company reported GAAP net loss attributable to common shareholders of \$40.0 million or \$0.64 per share for the year 2015, compared with a GAAP net loss attributable to common stockholders of \$35.9 million or \$0.74 per share for the year 2014.

Non-GAAP net loss for the fourth quarter of 2015 was \$3.7 million or \$0.06 per share, compared with a non-GAAP net loss of \$12.0 million or \$0.20 per share in the fourth quarter of 2014. Non-GAAP net loss for 2015 was \$22.5 million or \$0.36 per share, compared with a Non-GAAP net loss of \$29.3 million or \$0.51 per share for the year 2014.

A reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

(Emphasis added).

18. On March 1, 2016, A10 filed its annual report on Form 10-K with the SEC for the year ended December 31, 2015 (the “2015 10-K”) which provided the Company’s annual financial results and position and included the revenue from the fourth quarter of 2015. The 2015 10-K was signed by Defendants Chen and Straughn and contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Chen and Straughn. The 2015 10-K discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue Recognition

We derive revenue from two sources: (i) products revenue, which includes hardware and perpetual software license revenue; and (ii) services revenue, which include post contract support (“PCS”), professional services, and training. A substantial portion of our revenue is from sales of our products and services through distribution channel partners, such as resellers and distributors. Revenue is recognized, net of applicable taxes, when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery or performance has occurred, the sales price is fixed or determinable, and collection is reasonably assured.

We define each of the four criteria above as follows:

- ***Persuasive evidence of an arrangement exists.*** Evidence of an

arrangement consists of a purchase order issued pursuant to the terms and conditions of a master sales agreement.

- ***Delivery or performance has occurred.*** We use shipping documents or written evidence of customer acceptance, when applicable, to verify delivery or performance. We recognize product revenue upon transfer of title and risk of loss, which primarily is upon shipment to customers. We do not have significant obligations for future performance, such as customer acceptance provisions, rights of return, or pricing credits, associated with our sales.
- ***The sales price is fixed or determinable.*** We assess whether the sales price is fixed or determinable based on payment terms and whether the sales price is subject to refund or adjustment. Standard payment terms to customers range from 30 to 90 days.
- ***Collection is reasonably assured.*** We assess probability of collection on a customer-by-customer basis. Our customers are subjected to a credit review process that evaluates their financial condition and ability to pay for products and services.

PCS revenue includes arrangements for software support and technical support for our products. PCS is offered under renewable, fee-based contracts, which include technical support, hardware repair and replacement parts, bug fixes, patches, and unspecified upgrades on a when-and-if available basis. Revenue for PCS services is recognized on a straight-line basis over the service contract term, which is typically one year, but can be up to five years. Unearned PCS revenue is included in deferred revenue.

Professional service revenue primarily consists of the fees we earn related to installation and consulting services. We recognize revenue from professional services upon delivery or completion of performance. Professional service arrangements are typically short term in nature and are largely completed within 30 to 90 days from the start of service.

19. The 2015 10-K discussed internal controls, stating in relevant part:

Based on the assessment, ***our management has concluded that its internal control over financial reporting was effective as of December 31, 2015*** to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

(Emphasis added).

20. On April 28, 2016, A10 issued a press release entitled, “A10 Networks, Inc. Reports First Quarter 2016 Results” which included the Company’s revenue for the first quarter of 2016, stating in relevant part:

First Quarter 2016 Financial Highlights

- **Revenue of \$53.8 million, up 22 percent year-over-year**
- Record enterprise revenue of \$32.2 million, increased 29 percent year-over-year
- Strong product revenue of \$36.4 million, up 19 percent year-over-year
- Record total deferred revenue of \$74.8 million, increased 25% year-over-year
- Cash and marketable securities increased to \$107.5 million, up from \$85.6 million at March 31, 2015

“The first quarter was a strong start to the year as we continued to build on our solid momentum,” said Lee Chen, president and chief executive officer of A10 Networks. “Our high-end security product portfolio and cloud-based solutions continue to gain traction with customers and partners and this is contributing to our success in growing the business. Additionally, with our continued topline growth and disciplined approach to managing costs, we improved our bottom line by 55% year-over-year and generated strong cash flow from operations. We are pleased with our execution and strong first quarter results and are encouraged by our progress as we enter the second quarter.”

Total revenue for the first quarter grew to \$53.8 million, up 22 percent when compared with \$44.0 million in the first quarter of 2015. On a GAAP basis, A10 Networks reported a net loss for the first quarter 2016 of \$9.5 million, or \$0.15 per share, compared with a net loss of \$13.7 million, or \$0.22 per share, in the first quarter of 2015. Non-GAAP net loss for the first quarter of 2016 was \$4.1 million, or \$0.06 per share, compared with a non-GAAP net loss of \$9.1 million, or \$0.15 per share, in the first quarter of 2015.

A reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

(Emphasis added).

21. On May 5, 2016, A10 filed its quarterly report on Form 10-Q with the SEC for quarter ending March 31, 2016 (the “1Q16 10-Q”). The 1Q16 10-Q was signed by Defendants Chen and Straughn and contained signed SOX certifications by Chen and Straughn. The 1Q16 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

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Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. *We recognize products revenue at the time of shipment, provided that all other revenue recognition criteria have been met. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclicity and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.*

(Emphasis added).

22. The 1Q16 10-Q discussed A10's internal controls, stating in relevant part:

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

23. On July 28, 2016, A10 issued a press release entitled, "A10 Networks, Inc. Reports Second Quarter 2016 Results" detailing its revenue for the second quarter of 2016, stating in relevant part:

Second Quarter 2016 Financial Highlights

- Record revenue of \$57.1 million, up 20 percent year-over-year
- Enterprise revenue of \$32.0 million, increased 16 percent year-over-year
- Product revenue of \$38.8 million, up 16 percent year-over-year
- Cash and marketable securities increased to \$113.7 million, up from \$96.2 million at June 30, 2015

"We delivered record revenue as our high-end security and cloud-ready Thunder solutions continued to drive growth," said Lee Chen, president and chief executive officer of A10 Networks. "We also significantly improved our bottom-line results and we believe we are on track to meet our financial goals for the year. In addition to our strong performance in the quarter, we took a strategic step to accelerate the A10 Harmony vision and expand our addressable market with the acquisition of Appcito. Appcito is a cloud-native subscription service that maximizes the agility and improves the visibility and security of enterprise applications deployed in the cloud. Appcito fits into our vision to become the

1 most comprehensive secure application services company in the industry and
2 helps customers become more secure and agile as they bridge traditional and
cloud application environments.”

3 Total revenue for the second quarter grew to \$57.1 million, up 20 percent when
4 compared with \$47.5 million in the second quarter of 2015. On a GAAP basis,
5 A10 Networks reported a net loss for the second quarter 2016 of \$4.9 million, or
6 \$0.08 per share, compared with a net loss of \$10.0 million, or \$0.16 per share, in
7 the second quarter of 2015. Non-GAAP net loss for the second quarter of 2016
was \$1.1 million, or \$0.02 per share, compared with a non-GAAP net loss of \$5.3
million, or \$0.09 per share, in the second quarter of 2015.

8 A reconciliation between GAAP and non-GAAP information is contained in the
9 financial statements below.

10 24. On August 5, 2016, A10 filed its quarterly report on Form 10-Q with the SEC for
11 quarter ending June 30, 2016 (the “2Q16 10-Q”). The 2Q16 10-Q was signed by Defendants Chen
12 and Straughn and contained signed SOX certifications by Chen and Straughn. The 2Q16 10-Q
13 discussed revenue recognition and seasonality of revenue, stating in relevant part:

14 ***Revenue***

15 Our products revenue primarily consists of revenue from sales of our
16 hardware appliances upon which our software is installed. Such software includes
17 our ACOS software platform plus one of our ADC, CGN, TPS or CFW solutions.
18 Purchase of a hardware appliance includes a perpetual license to the included
19 software. ***We recognize products revenue at the time of shipment, provided that
all other revenue recognition criteria have been met. As a percentage of
20 revenue, our products revenue may vary from quarter to quarter based on,
among other things, the timing of orders and delivery of products, cyclicity
and seasonality, changes in currency exchange rates and the impact of
significant transactions with unique terms and conditions.***

21 (Emphasis added).

22 25. The 2Q16 10-Q discussed A10’s internal controls, stating in relevant part:

23 ***Changes in Internal Control over Financial Reporting***

24 There were no changes in our internal control over financial reporting identified
25 in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the
26 Exchange Act that occurred during the quarter ended June 30, 2016 that have
27 materially affected, or are reasonably likely to materially affect, our internal
28 control over financial reporting.

26. On October 27, 2016, A10 issued a press release entitled, “A10 Networks, Inc. Reports Third Quarter 2016 Results; Board of Directors Authorizes Share Repurchase” which stated in relevant part:

Total revenue for the third quarter grew to \$55.1 million, up 8 percent when compared with \$50.8 million in the third quarter of 2015. On a GAAP basis, A10 Networks reported a net loss for the third quarter 2016 of \$4.7 million, or \$0.07 per share, compared with a net loss of \$9.0 million, or \$0.14 per share, in the third quarter of 2015. Non-GAAP net income for the third quarter of 2016 was \$0.2 million, or \$0.00 per share, compared with a non-GAAP net loss of \$4.4 million, or \$0.07 per share, in the third quarter of 2015. A reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

“We reported third quarter revenue of \$55.1 million, which was below our guidance and reflects a shortfall in North America where we received a couple orders too late in the quarter to ship and some deals slipped into future quarters,” said Lee Chen, president and chief executive officer of A10 Networks. “While we are disappointed with our topline performance, we continued to drive leverage in our operating model, significantly improve our bottom-line results and invest in key areas of our business to foster long-term growth. The share repurchase authorization announced today reflects our confidence in our market opportunities and ability to meet our financial objectives.”

27. On November 3, 2016, A10 filed its quarterly report on Form 10-Q with the SEC for quarter ending September 30, 2016 (the “3Q16 10-Q”). The 3Q16 10-Q was signed by Defendants Chen and Straughn and contained signed SOX certifications by Chen and Straughn. The 3Q16 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS, and CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. *We recognize products revenue at the time of shipment, provided that all other revenue recognition criteria have been met. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclicalities and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.*

(Emphasis added).

28. The 3Q16 10-Q discussed A10's internal controls, stating in relevant part:

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

29. On February 9, 2017, A10 issued the press release entitled, "A10 Networks, Inc. Reports Fourth Quarter and Year 2016 Financial Results" which discussed the financial results for the fourth quarter 2016 and full year 2016 as well as disclosed that Defendant Straughn would be stepping down as CFO, stating in relevant part:

Fourth Quarter 2016 Financial Summary

- Record revenue of \$64.0 million, grew 13 percent year-over-year
- GAAP net loss of \$1.8 million or \$0.03 per share
- Non-GAAP net income of \$2.3 million or \$0.03 per share

Year 2016 Financial Summary

- Record revenue of \$230.0 million, grew 16 percent over 2015
- GAAP net loss of \$20.9 million or \$0.32 per share
- Non-GAAP net loss of \$2.7 million or \$0.04 per share
- Deferred revenue grew 28 percent year-over-year to reach \$92.9 million
- Ended the year with \$114 million in cash, cash equivalents and marketable securities, an increase of \$16 million from last year

A reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

"The fourth quarter was a strong close to the year with revenue exceeding guidance and growing 13 percent year-over-year to reach \$64 million. Our record performance was driven by strong demand for our security solutions and continued expansion with cloud provider, service provider and web-scale customers," said Lee Chen, president and chief executive officer of A10 Networks. "We also continued to drive leverage through our operating structure to make significant improvements in our bottom-line results, while at the same time, investing in key areas of our business."

Management Transition

A10 Networks announced that Greg Straughn has decided to step down from the role of CFO effective as of the filing of the company's 10-K. Straughn will remain with the company as an advisor until April to help facilitate a smooth transition. The board of directors has appointed Shiva Natarajan as the company's interim CFO effective upon Straughn's resignation. The company has initiated a search for a successor to Straughn.

30. On February 24, 2017, A10 filed its annual report for the year ended December 31, 2016 on Form 10-K with the SEC (the "2016 10-K") which provided the Company's annual financial results and position. The 2016 10-K signed by Defendants Chen and Straughn and contained signed SOX certifications by Chen and Straughn. The 2016 10-K discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. We recognize products revenue at the time of shipment, provided that all other revenue recognition criteria have been met. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclicalities and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.

* * *

Revenue Recognition

We derive revenue from two sources: (i) products revenue, which includes hardware and perpetual software license revenue; and (ii) services revenue, which include post contract support ("PCS"), professional services, and training. A substantial portion of our revenue is from sales of our products and services through distribution channel partners, such as resellers and distributors. Revenue is recognized, net of applicable taxes, when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery or performance has occurred, the sales price is fixed or determinable, and collection is reasonably assured.

We define each of the four criteria above as follows:

- Persuasive evidence of an arrangement exists. Evidence of an arrangement consists of a purchase order issued pursuant to the terms and conditions of a master sales agreement.

- Delivery or performance has occurred. We use shipping documents or written evidence of customer acceptance, when applicable, to verify delivery or performance. We recognize product revenue upon transfer of title and risk of loss, which primarily is upon shipment to customers. We do not have significant obligations for future performance, such as customer acceptance provisions, rights of return, or pricing credits, associated with our sales.
- The sales price is fixed or determinable. We assess whether the sales price is fixed or determinable based on payment terms and whether the sales price is subject to refund or adjustment. Standard payment terms to customers range from 30 to 90 days.
- Collection is reasonably assured. We assess probability of collection on a customer-by-customer basis. Our customers are subjected to a credit review process that evaluates their financial condition and ability to pay for products and services.

PCS revenue includes arrangements for software support and technical support for our products. PCS is offered under renewable, fee-based contracts, which include technical support, hardware repair and replacement parts, bug fixes, patches, and unspecified upgrades on a when-and-if available basis. Revenue for PCS services is recognized on a straight-line basis over the service contract term, which is typically one year, but can be up to five years. Unearned PCS revenue is included in deferred revenue.

Professional service revenue primarily consists of the fees we earn related to installation and consulting services. We recognize revenue from professional services upon delivery or completion of performance. Professional service arrangements are typically short term in nature and are largely completed within 30 to 90 days from the start of service.

31. The 2016 10-K discussed internal controls, stating in relevant part:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). ***Based on the assessment, our management has concluded that its internal control over financial reporting was effective as of December 31, 2016 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP***

(Emphasis added).

32. On April 27, 2017, A10 issued the press release entitled, “A10 Networks, Inc. Reports First Quarter 2017 Financial Results” which stated in relevant part:

First Quarter 2017 Financial Summary

- Revenue of \$60.3 million, grew 12 percent year-over-year
- GAAP net loss of \$3.9 million or \$0.06 per share
- Non-GAAP net income of \$0.7 million or \$0.01 per share

A reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

“The first quarter was a solid start to the year with revenue growth driven by our security and cloud-focused solutions gaining momentum among cloud provider, service provider and web-scale customers,” said Lee Chen, president and chief executive officer of A10 Networks. “We believe the cloud presents a long-term growth opportunity for A10, and we are focused on bringing new solutions to market that give customers the visibility, agility, flexibility and security they need for their cloud deployments.”

33. On May 5, 2017, A10 filed its quarterly report on Form 10-Q with the SEC for quarter ending March 31, 2017 (the “1Q17 10-Q”). The 1Q17 10-Q was signed by Defendants Chen and Natarajan and contained signed SOX certifications by Chen and Natarajan. The 1Q17 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. ***We recognize products revenue at the time of shipment, provided that all other revenue recognition criteria have been met. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclicalities and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.***

(Emphasis added).

34. The 1Q17 10-Q discussed A10’s internal controls, stating in relevant part:

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

35. On July 13, 2017, A10 issued the press release entitled, “A10 Networks Announces Preliminary Second Quarter 2017 Financial Results” which stated in relevant part:

A10 Networks expects total revenue in the second quarter 2017 to be between \$52.5 million and \$53.5 million, below its prior guidance of \$62.0 million to \$64.0 million. The company expects to report a GAAP net loss between \$0.12 and \$0.13 per share. On a non-GAAP basis, the company expects to report a net loss between \$0.05 and \$0.06 per share, using approximately 69.8 million basic shares, which is below the previous guidance for non-GAAP net income of \$0.01 to \$0.03 per share, using approximately 76.6 million diluted shares. A preliminary reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

“We are disappointed with our preliminary results. Revenue came in below our guidance as a number of opportunities in our pipeline did not close primarily in North America and to a lesser degree in Japan. Key deals remain in our pipeline and we are diligently working to improve our execution,” said Lee Chen, president and chief executive officer of A10 Networks. “We remain confident that our investments in security and cloud will serve as a strong foundation to penetrate these faster-growing segments of our market.”

These are preliminary results and remain subject to the completion of the company’s customary quarterly close and review procedures. Material adjustments may arise between the date of this press release and the dates on which A10 Networks announces its full second quarter 2017 results and files its Form 10-Q for the period with the SEC.

36. On August 3, 2017, A10 filed its quarterly report on Form 10-Q with the SEC for quarter ending June 30, 2017 (the “2Q17 10-Q”). The 2Q17 10-Q was signed by Defendants Chen and Constantino and contained signed SOX certifications by Chen and Constantino. The 2Q17 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the

1 included software. *We recognize products revenue at the time of shipment,*
 2 *provided that all other revenue recognition criteria have been met. As a*
 3 *percentage of revenue, our products revenue may vary from quarter to quarter*
 4 *based on, among other things, the timing of orders and delivery of products,*
cyclicality and seasonality, changes in currency exchange rates and the impact
of significant transactions with unique terms and conditions.

5 (Emphasis added).

6 37. The 2Q17 10-Q discussed A10's internal controls, stating in relevant part:

7 ***Changes in Internal Control over Financial Reporting***

8 There were no changes in our internal control over financial reporting during the
 9 quarter ended June 30, 2017 that have materially affected, or are reasonably likely
 10 to materially affect, our internal control over financial reporting.

11 38. On September 28, 2017, A10 issued the press release entitled, "A10 Networks
 12 Expects Third Quarter 2017 Revenue to Exceed Prior Outlook" which reported that the Company
 13 expected to exceed guidance for its third quarter 2017 revenue, stating in relevant part:

14 SAN JOSE, Calif., Sept. 28, 2017 – A10 Networks, Inc. (NYSE: ATEN), a
 15 Secure Application Services™ company, *today announced that it expects*
 16 *revenue for its third quarter 2017 to exceed management's prior outlook*
 17 *provided on July 27, 2017. A10 Networks currently expects revenue to be*
between \$59 million and \$60 million, above its prior guidance of \$53 million to
\$57 million. The company also expects to report a profit on a non-GAAP basis.

18 The company also announced the departure of Ray Smets, EVP of worldwide
 19 sales, effective in the fourth quarter. The company has initiated a search for a new
 20 worldwide sales leader, and during the interim, Tom Constantino, CFO of A10
 Networks, will assume responsibility of the sales organization.

21 "We expect to deliver a strong third quarter, led by sales into our marquee service
 22 provider customers. We look forward to discussing our full results on our
 23 conference call in October," said Lee Chen, president and chief executive officer
 24 of A10 Networks. "Ray has been a key contributor to A10, including building a
 25 strong sales team. We thank Ray for his service and wish him all the best in his
 26 future endeavors. We have considerable talent within A10 and are confident in
 27 our ability to manage a smooth transition."

28 (Emphasis added).

39. On October 30, 2017, the Company held a conference call to discuss its third quarter of 2017 financial results and earnings. On this call, Defendant Constantino issued guidance for the fourth quarter of 2017, stating in relevant part:

Moving on to our outlook. We currently expect fourth quarter revenue to be in the range of \$64 million to \$67 million. We expect gross margin to remain in the 75% to 77% range and operating expenses to be between \$46 million and \$47 million. We expect our non-GAAP bottom line results to be between a profit of \$0.01 and \$0.07 per share, using approximately 74 million shares on a diluted basis.

(Emphasis added).

40. On November 2, 2017, A10 filed its quarterly report on Form 10-Q with the SEC for quarter ending September 30, 2017 (the “3Q17 10-Q”). The 3Q17 10-Q was signed by Defendants Chen and Constantino and contained signed SOX certifications by Chen and Constantino. The 3Q17 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. ***We recognize products revenue at the time of shipment, provided that all other revenue recognition criteria have been met. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclicity and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.***

(Emphasis added).

41. The 3Q17 10-Q discussed A10’s internal controls, stating in relevant part:

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

42. The statements referenced in ¶¶17-41 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the

1 Company's business, operational and financial results, which were known to Defendants or
 2 recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements
 3 and/or failed to disclose that: (1) A10 had issues with its internal controls that required an Audit
 4 Committee investigation; (2) A10's revenues since the fourth quarter of 2015 were false due to
 5 improper revenue recognition which prompted an investigation by the Company's Audit
 6 Committee; and (3) as a result, Defendants' public statements were materially false and misleading
 7 at all relevant times.

8 **The Truth Begins To Emerge**

9
 10 43. On January 16, 2018, A10 issued the press release, "A10 Networks Announces
 11 Preliminary Fourth Quarter 2017 Results." The press release revealed that the Company expected
 12 revenue for 2017 under its previously issued guidance stating irrelevant part:

13 SAN JOSE, Calif., Jan. 16, 2018 - A10 Networks, Inc. (NYSE: ATEN), a Secure
 14 Application Services™ company, today announced preliminary results for the
 15 fourth quarter ended Dec. 31, 2017.

16 ***A10 Networks expects total revenue in the fourth quarter 2017 to be between***
 17 ***\$55.5 million and \$56.0 million, below its prior guidance of \$64.0 million to***
 18 ***\$67.0 million.*** The company expects to report GAAP net income in the range of
 19 break-even to \$0.01 per share. On a non-GAAP basis, the company expects to
 20 report net income between \$0.05 and \$0.06 per share, using approximately 74.6
 21 million diluted shares, which is within the previous guidance for non-GAAP net
 22 income of \$0.01 to \$0.07 per share, using approximately 74.0 million shares on a
 23 diluted basis. GAAP and non-GAAP net income results include a benefit from
 24 performance-based variable compensation. A preliminary reconciliation between
 25 GAAP and non-GAAP information is contained in the financial statements below.

26 ***"We are disappointed with our revenue results for the quarter, which were***
 27 ***below our guidance primarily due to a shortfall in North America sales as we***
 28 ***experienced lower than expected seasonal demand trends in the region.*** Despite
 this shortfall, we increased our cash and cash equivalents by \$6.6 million, and
 continued to see strength for our security solutions," said Lee Chen, president and
 chief executive officer of A10 Networks. "Over the past two quarters, we have
 implemented a number of changes across the organization to help improve our
 execution and expand our presence in security to drive growth. We are making
 progress on these initiatives and continuing to work to align our sales and
 enablement engine with the growth opportunities in our market. As part of these
 initiatives, we have brought in Chris White to lead our global sales team, effective

1 January 2, 2018. Chris is an accomplished sales executive with a long career in
2 the cybersecurity industry, and his expertise in sales and channel leadership will
3 be a solid asset to A10.”

(Emphasis added).

4 44. On this news, shares of A10 fell \$0.99 per share, or over 13%, from its previous
5 closing price to close at \$6.32 per share on January 17, 2018, damaging investors.

6 45. On January 30, 2018, A10 issued a press release entitled, “A10 Networks Announces
7 Postponement of 2017 Fourth Quarter and Full Year Earnings Release and Conference Call” which
8 further revealed the Company’s Audit Committee was investigating the Company’s revenue
9 recognition practices for the fourth quarter of 2015, stating in relevant part:

10 In the fourth quarter of 2017, the Company determined that a mid-level employee
11 within its finance department had violated the Company’s Insider Trading Policy
12 and Code of Conduct. As a result, the Company, with the assistance of outside
13 counsel, conducted an email review and additional procedures to ensure the
14 accuracy of its reporting of financial information for 2017. Such review and
15 procedures did not identify matters that required material adjustments to be made.
16 *Nonetheless, the Company’s Audit Committee determined that further review
17 and procedures relating to certain accounting and internal control matters
18 should be undertaken. The Audit Committee’s investigation, which is being
19 conducted with the assistance of outside counsel, is principally focused on
20 certain revenue recognition matters from the fourth quarter of 2015 through
21 the fourth quarter of 2017 inclusive.*

22 The investigation is in its early stages. The Company is not able to provide a date
23 as to when it will be completed, nor provide any assurance that the Company will
24 not determine that material adjustments to its past financial statements are
25 appropriate.

26 At the conclusion of the Audit Committee’s investigation, the Company will
27 announce the scheduling of a conference call to discuss full financial results for
28 the 2017 fourth quarter and full year.

(Emphasis added).

46. On this news, shares of A10 fell \$0.86 per share, or over 12%, from its previous
closing price to close at \$6.13 per share on January 31, 2018, damaging investors.

1 47. As a result of Defendants' wrongful acts and omissions, and the precipitous decline
2 in the market value of the Company's securities, Plaintiff and other Class members have suffered
3 significant losses and damages.

4 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

5 48. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
6 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise
7 acquired the publicly traded securities of A10 during the Class Period (the "Class"); and were
8 damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are
9 Defendants herein, the officers and directors of the Company, at all relevant times, members of their
10 immediate families and their legal representatives, heirs, successors or assigns and any entity in
11 which Defendants have or had a controlling interest.

12 49. The members of the Class are so numerous that joinder of all members is
13 impracticable. Throughout the Class Period, A10 securities were actively traded on the NYSE.
14 While the exact number of Class members is unknown to Plaintiff at this time and can be
15 ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or
16 thousands of members in the proposed Class. Record owners and other members of the Class may
17 be identified from records maintained by the Company or its transfer agent and may be notified of
18 the pendency of this action by mail, using the form of notice similar to that customarily used in
19 securities class actions.

20 50. Plaintiff's claims are typical of the claims of the members of the Class as all
21 members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal
22 law that is complained of herein.

23 51. Plaintiff will fairly and adequately protect the interests of the members of the Class
24 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has
25 no interests antagonistic to or in conflict with those of the Class.

26 52. Common questions of law and fact exist as to all members of the Class and
27 predominate over any questions solely affecting individual members of the Class. Among the
28 questions of law and fact common to the Class are:

- 1 • whether the federal securities laws were violated by Defendants' acts as alleged
- 2 herein;
- 3 • whether statements made by Defendants to the investing public during the Class
- 4 Period misrepresented material facts about the financial condition, business,
- 5 operations, and management of the Company;
- 6 • whether Defendants' public statements to the investing public during the Class
- 7 Period omitted material facts necessary to make the statements made, in light of the
- 8 circumstances under which they were made, not misleading;
- 9 • whether the Individual Defendants caused the Company to issue false and misleading
- 10 SEC filings and public statements during the Class Period;
- 11 • whether Defendants acted knowingly or recklessly in issuing false and misleading
- 12 SEC filings and public statements during the Class Period;
- 13 • whether the prices of A10 securities during the Class Period were artificially inflated
- 14 because of the Defendants' conduct complained of herein; and
- 15 • whether the members of the Class have sustained damages and, if so, what is the
- 16 proper measure of damages.

17 53. A class action is superior to all other available methods for the fair and efficient
 18 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
 19 damages suffered by individual Class members may be relatively small, the expense and burden of
 20 individual litigation make it impossible for members of the Class to individually redress the wrongs
 21 done to them. There will be no difficulty in the management of this action as a class action.

22 54. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-
 23 on-the-market doctrine in that:

- 24 • Defendants made public misrepresentations or failed to disclose material facts during
- 25 the Class Period;
- 26 • the omissions and misrepresentations were material;
- 27 • A10 securities are traded in efficient markets;
- 28

- 1 • the Company's securities were liquid and traded with moderate to heavy volume
- 2 during the Class Period;
- 3 • the Company traded on the NYSE, and was covered by multiple analysts;
- 4 • the misrepresentations and omissions alleged would tend to induce a reasonable
- 5 investor to misjudge the value of the Company's securities; and
- 6 • Plaintiff and members of the Class purchased and/or sold A10 securities between the
- 7 time the Defendants failed to disclose or misrepresented material facts and the time
- 8 the true facts were disclosed, without knowledge of the omitted or misrepresented
- 9 facts.

10 55. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
 11 presumption of reliance upon the integrity of the market.

12 56. Alternatively, Plaintiff and the members of the Class are entitled to the presumption
 13 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United*
 14 *States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their
 15 Class Period statements in violation of a duty to disclose such information, as detailed above.

16 COUNT I

17 Violation of Section 10(b) of The Exchange Act and Rule 10b-5 18 Against All Defendants

19 57. Plaintiff repeats and realleges each and every allegation contained above as if fully
 20 set forth herein.

21 58. This Count is asserted against the Company and the Individual Defendants and is
 22 based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated
 23 thereunder by the SEC.

24 59. During the Class Period, the Company and the Individual Defendants, individually
 25 and in concert, directly or indirectly, disseminated or approved the false statements specified above,
 26 which they knew or deliberately disregarded were misleading in that they contained
 27 misrepresentations and failed to disclose material facts necessary in order to make the statements
 28 made, in light of the circumstances under which they were made, not misleading.

1 60. The Company and the Individual Defendants violated §10(b) of the 1934 Act and
2 Rule 10b-5 in that they:

- 3 • employed devices, schemes and artifices to defraud;
- 4 • made untrue statements of material facts or omitted to state material facts necessary
5 in order to make the statements made, in light of the circumstances under which they
6 were made, not misleading; or
- 7 • engaged in acts, practices and a course of business that operated as a fraud or deceit
8 upon plaintiff and others similarly situated in connection with their purchases of A10
9 securities during the Class Period.

10 61. The Company and the Individual Defendants acted with scienter in that they knew
11 that the public documents and statements issued or disseminated in the name of the Company were
12 materially false and misleading; knew that such statements or documents would be issued or
13 disseminated to the investing public; and knowingly and substantially participated, or acquiesced in
14 the issuance or dissemination of such statements or documents as primary violations of the
15 securities laws. These defendants by virtue of their receipt of information reflecting the true facts of
16 the Company, their control over, and/or receipt and/or modification of the Company's allegedly
17 materially misleading statements, and/or their associations with the Company which made them
18 privy to confidential proprietary information concerning the Company, participated in the
19 fraudulent scheme alleged herein.

20 62. Individual Defendants, who are the senior officers and/or directors of the Company,
21 had actual knowledge of the material omissions and/or the falsity of the material statements set forth
22 above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative,
23 acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in
24 the statements made by them or other personnel of the Company to members of the investing
25 public, including Plaintiff and the Class.

26 63. As a result of the foregoing, the market price of A10 securities was artificially
27 inflated during the Class Period. In ignorance of the falsity of the Company's and the Individual
28 Defendants' statements, Plaintiff and the other members of the Class relied on the statements

1 described above and/or the integrity of the market price of A10 securities during the Class Period in
2 purchasing A10 securities at prices that were artificially inflated as a result of the Company's and
3 the Individual Defendants' false and misleading statements.

4 64. Had Plaintiff and the other members of the Class been aware that the market price of
5 A10 securities had been artificially and falsely inflated by the Company's and the Individual
6 Defendants' misleading statements and by the material adverse information which the Company's
7 and the Individual Defendants did not disclose, they would not have purchased A10 securities at the
8 artificially inflated prices that they did, or at all.

9 65. As a result of the wrongful conduct alleged herein, Plaintiff and other members of
10 the Class have suffered damages in an amount to be established at trial.

11 66. By reason of the foregoing, the Company and the Individual Defendants have
12 violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the
13 Plaintiff and the other members of the Class for substantial damages which they suffered in
14 connection with their purchases of A10 securities during the Class Period.

15 **COUNT II**

16 **Violation of Section 20(a) of The Exchange Act** 17 **Against The Individual Defendants**

18 67. Plaintiff repeats and realleges each and every allegation contained in the foregoing
19 paragraphs as if fully set forth herein.

20 68. During the Class Period, the Individual Defendants participated in the operation and
21 management of the Company, and conducted and participated, directly and indirectly, in the
22 conduct of the Company's business affairs. Because of their senior positions, they knew the adverse
23 non-public information regarding the Company's business practices.

24 69. As officers and/or directors of a publicly owned company, the Individual Defendants
25 had a duty to disseminate accurate and truthful information with respect to the Company's financial
26 condition and results of operations, and to correct promptly any public statements issued by the
27 Company which had become materially false or misleading.

28 70. Because of their positions of control and authority as senior officers, the Individual
Defendants were able to, and did, control the contents of the various reports, press releases and

1 public filings which the Company disseminated in the marketplace during the Class Period.
2 Throughout the Class Period, the Individual Defendants exercised their power and authority to
3 cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants
4 therefore, were “controlling persons” of the Company within the meaning of Section 20(a) of the
5 Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially
6 inflated the market price of A10 securities.

7 71. Each of the Individual Defendants, therefore, acted as a controlling person of the
8 Company. By reason of their senior management positions and/or being directors of the Company,
9 each of the Individual Defendants had the power to direct the actions of, and exercised the same to
10 cause, the Company to engage in the unlawful acts and conduct complained of herein. Each of the
11 Individual Defendants exercised control over the general operations of the Company and possessed
12 the power to control the specific activities which comprise the primary violations about which
13 Plaintiff and the other members of the Class complain.

14 72. By reason of the above conduct, the Individual Defendants are liable pursuant to
15 Section 20(a) of the Exchange Act for the violations committed by the Company.

16 **PRAYER FOR RELIEF**

17 WHEREFORE, Plaintiff demands judgment against Defendants as follows:

18 A. Determining that the instant action may be maintained as a class action under Rule
19 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

20 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason
21 of the acts and transactions alleged herein;

22 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
23 judgment interest, as well as their reasonable attorneys’ fees, expert fees and other costs; and

24 D. Awarding such other and further relief as this Court may deem just and proper.
25
26
27
28

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: March 22, 2018

Respectfully submitted,

THE ROSEN LAW FIRM, P.A.

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